



TRANSCRIPT OF 25TH ANNUAL GENERAL MEETING

Mr. Suresh Gondalia, Company Secretary:

Good Morning all.

I, Suresh Gondalia, Company Secretary, welcome you all at 25th Annual General Meeting of the Company.

This meeting is being held through Video Conference (VC) in accordance with Circulars issued by the Ministry of Corporate Affairs and SEBI. Accordingly, the Company had taken all requisite steps to enable members to participate and vote on the items being considered in the AGM. I would like to inform you that the Company has taken webcast facility of CDSL for live streaming and proceedings of this meeting.

The Company has also provided remote e-voting facility through CDSL, which was available from 9 am on 23rd September, 2023 till 5 pm on 25th September, 2023. Members, who have not casted their vote through remote e-voting, may cast their vote during AGM through CDSL e-voting portal which will remain open during the meeting. The basic instructions relating to e-voting and joining the AGM through VC are provide in the Notice of the AGM.

The Statutory Registers of the Company are available for inspection on the website of Company. As the meeting is being held through VC, the appointment of proxy is not required and hence the proxy register is not available for inspection.

The Notice of AGM along with the Annual Report of the FY 2022-23 were circulated to all the shareholders well in advance within statutory period.

Now, with permission of members, I request Mr. Manish Kiri, Chairman and Managing Director to occupy the chair for the 25th AGM and carry out further proceeding of the Meeting.

Over to you sir.

Mr. Manish Kiri, Managing Director and Chairman:

Dear Fellow Shareholders,

Good Morning.

On behalf of the Board, I warmly welcome you all at 25th AGM which is being held through Video Conferencing. I trust your family and you are keeping well.

Now it is time to start Annual General Meeting. After outbreak of Global Pandemic COVID-19 and as per the Circulars issued by Ministry of Corporate Affairs and SEBI, this meeting is being held through Video Conferencing. The Company has taken all possible steps to ensure that the shareholders are provided an opportunity to participate in this meeting.

As we have the requisite quorum being present through video conference to conduct the proceedings of this meeting, I call the meeting to order.

I am pleased to present you the Annual Report of the company for the financial year 2022-23. Before I take up the Agendas of this meeting, I wish to introduce the members of the Board and Key Managerial Persons, particularly for the benefit of new shareholders and for recording the attendance.

Along with me, we have with us at the meeting:

1. Mr. Yangesh Mankad, Whole Time Director
2. Mr. Girish Tandel, Whole Time Director
3. Mr. Keyoor Bakshi, Independent Director and Chairman of the Committee;
4. Mr. Mukesh Desai, Independent Director and Chairman of the Nomination and Remuneration Committee;
5. Ms. Veena Padia, Independent Director and Chairperson of the Stakeholder's Relationship Committee & Corporate Social Responsibility Committee;
6. Mr. Suresh Gondalia, Company Secretary; and
7. Mr. Jayesh Vyas, Chief Financial Officer.

In addition to the Management team, Company's Statutory Auditors, Cost auditors, Secretarial Auditors and Scrutinizer are also present at this AGM.

All are present either personally or through Video Conference.

With the permission of members present, the notice of 25th AGM, Statutory Auditors Report and Secretarial Auditors Report are taken as read.

The Notice of the 25th AGM, contains total 3 resolutions, which I place herewith before the meeting for approval:

1st To receive, consider and adopt the Audited (Standalone and Consolidated) Financial Statements for the year ended on March 31, 2023, together with the reports of the Directors' and Auditors' thereon.

2nd To re-appoint a Director in place of Mr. Manish Kiri (DIN: 00198284), who retires by rotation and being eligible, offers himself for re-appointment.

3rd To ratify the remuneration of Cost Auditors of the Company for the Financial Year 2023-24.

All the items of Special Businesses are explained in detail in the Explanatory Statement attached to the Notice of the meeting. As I am interested in item no. 2, I request Mr. Keyoor Bakshi, Chairman of the Audit Committee to preside over as Chairman for this item of businesses.

Now, I would like to brief on the performance of the Company and outlook for future:

FY2023 was a challenging year. The industry experienced sluggish demand, as a result we could not pass on our incremental cost to end customers.

Consolidated revenue from operations stood at Rs. 945 Crore, a decline of 37% compared to FY2022, and standalone revenue from operations stood at Rs. 601 Crore, a decline of 47% as compared to FY2022. In FY2023, the Consolidated EBITDA amounted to Rs. (-) 34 Crore as against Rs. 123 Crore for FY2022. The standalone EBITDA amounted to Rs. (-) 86 Crore for FY2023 as against Rs. 33 Crore for FY2022. In FY2023, consolidated earnings after tax including share of profit of associates amounted to Rs. 107 Crore as against Rs. 388 Crore in FY2022. During the year standalone losses widened to Rs. 134 Crore as against Rs. 9 Crore in FY2022.

Major reasons for lower revenue and negative EBITDA during FY2023 as compared to the preceding year are (1) Reduction in volumes of Dyes by around 35%, dyes intermediates by 34%, and Basic Chemicals by around 29% on account of subdued demand globally (2) Reduction in prices of the intermediate by at least 9% (3) Increase in raw material prices of dyes Intermediates by at least 12% (4) Increase in GAS and Coal prices by 40% and 22% respectively, and (5) Increase in Electricity/power rate by 11%.

Due to lower capacity utilization, fixed costs could not be recovered, resulting in higher operational fixed costs per unit, as reflected in negative earnings. The Company has incurred substantial Legal costs with respect to the Singapore case(s) which also impacted the bottom line for the year 2023.

According to the World Bank's Global Economic Prospect Report of June 2023, Global growth is projected to significantly slow down amid high inflation, tight monetary policies adopted by various countries, and more restrictive credit conditions.

Global Textile demand is moderate to low amid the expected inflation slowdown. As per reports, the export-oriented textiles sector in India has been hit hard by weak export demand, which in turn has impacted the domestic Indian market since export-oriented Companies have been forced to dump products into the domestic market. In India, spinning mills normally maintain stock for 1-2 weeks of production. But due to low demand, many Companies are holding stocks worth one month or more of production, leading to a crisis.

Since the global economy and markets have not changed significantly in the recent past, Kiri is closely watching the unfolding of economic policies globally. Kiri is taking small steps forward with utmost caution following a very agile pricing policy to generate profitable volumes and utilize optimum operational capacities as well as optimum product mix to ensure that fixed overheads and litigation costs are fully absorbed.

Our legal battle

The year's highlight was our victory in the long protracted international legal battle.

In the matter of DyStar, we emerged victorious in the legal battle against Senda, a wholly-owned subsidiary of Longsheng Group. On March 3, 2023, Singapore International Commercial Court (SICC) crystallized and decided the final valuation of our stake at US\$603.8 million - an increase of US\$122.2 million (or 25% higher) than the earlier determined valuation of US\$481.6 million giving an effect of the decision of the Court of Appeal which is Supreme Court of Singapore.

We are now in the last leg of our long legal battle of enforcing the Judgment of the SICC. The Company has filed an alternate relief application with SICC against Senda and DyStar to make them jointly and severally liable to make payment of awarded valuation amount of US\$ 603.8 million for our 37.57% stake in DyStar along with interest and further legal cost. The court has fixed 24 to 26 January 2024 for hearing of our application for enforcement of judgment.

Moreover, Senda failed to make payment of the legal cost amount awarded to us and failed to comply with deadlines granted until January 20, 2023. To secure our receivable, we have filed a writ of seizure and sale of Senda shares held in DyStar to the extent of the recovery of legal costs along with interest awarded to Kiri by SICC and upheld by the Supreme Court of Singapore. The sheriff's office of the Singapore Court took possession of the said Senda shares. For recovery of legal costs, we have also filed an application with Singapore Court for the judicial examination of Mr. Ruan Weixiang, Chairman of Longsheng Group and DyStar, former director of Senda, as well as the judicial examination of the current director of Senda Ms. Fan Jing.

While the result of the legal battle has been very heartening thus far, we are mindful that we are in the last phase, which is critical for crossing the finishing line. Hence, we have strengthened our legal team to ensure that we recover our dues at the earliest.

Our medium-term prospects:

The prospects for our business vertical appear considerably promising owing to the shift in the global supply chain brought on by the China+1 strategy and a resurgence in domestic end-user demand. Credible estimates suggest that India's chemical industry is expected to touch US\$ 300 billion by 2025 (from the current US\$ 178 billion level) and reach the US\$ 1 trillion mark by 2040. Moreover, The Government is deliberating on a strategic roadmap to elevate the Indian textile industry to reach a milestone of US\$250 billion in production (from about US\$100 billion currently). This should provide exciting opportunities for the Specialty Chemicals sector over the medium term.

Our estimates for FY24:

The near-term environment will likely remain uncertain, and hence we look forward to the future with cautious optimism. We see the business landscape improving steadily over the next 3-4 quarters. As demand improves, we will focus on reaching out to untapped global markets. Further, moderation in input costs, reduction in operational costs, expected higher capacity utilization, and easing inflation should help us deliver healthy volumes and profitable growth in the coming quarters. We always remain committed to delivering broad-based growth with the support of our fully backward integrated manufacturing facilities and strive for optimum product mix to enhance overall margins to enable the Company absorb fixed overheads and achieve normalized revenues and EBITDA in the coming years.

Kiri Management will use all its expertise to revamp its business operations in a dynamic business environment which has set forth the challenge of absorbing fixed overheads and recouping to stabilize our core business of dyes, dyes intermediate and basic chemicals. We look forward to enhancing the intrinsic value of all stakeholders in Kiri.

Now I hand over the Company Secretary to start the question answer session.

Mr. Suresh Gondalia, Company Secretary:

Thank you sir.

Now we have one speaker shareholder Mr. Manoj Kumar Bhura. Mr. Moderator please unmute Mr. Manoj Kumar Bhura

The 1st Speaker is Mr. Manojkumar Bhura. Please unmute him.

Mr. Manojkumar Bhura:

Good Morning and Congratulation Mr. Kiri and your tem for winning the legal battle. But our business is very slack. Unless we do something special in the business, how we are going to proceed in the business. Business is the crux of everything. What are the business plans? Because last few years, we do not perform well. And there is a huge market. Even if we take a little share, we need to utilize 100% capacity. If we utilize the capacity, then our top line, bottom line everything will be improved. This is my question.

Mr. Manish Kiri, Managing Director and Chairman:

You have asked multiple questions Mr. Manojji. Let me answer your questions one by one. We agree with you. The operations have been suffering. And operations have been suffering in terms of the Financial Performance due to main 2 reasons. The 1st Reason is Market reason. Now when you look at the overall industry and market situation, for example, India's Dyes Export has reduced by almost 50%. Just give you the numbers – India used to export, pre-Covid, on a normalized level around 18,000-20,000 tonnes of Reactive Dyes. And last 2 years, we have come down as overall export from India, around 10,000-11,000 tonnes. So that shows the significant reduction in term of export.

Now that has percolated to the overall reduction in the capacity which you have referred. Market in the general sense is large. You are right. But the reduction of the consumption of Dyes in global market is a reality and we are all facing. No. 2 is that our plants are designed as a larger plants in size, so what we have tried to do in last few quarters is to reduce our cost. When we see the demand is too weak, we have reduced cost on our overheads, on employees, on certain fixed costs, on closing down certain buildings and operating certain building. So we have done rearrangement of our manufacturing operations in order to reduce the cost. So that is the second factor which we have applied and you will see that impact which you saw partially in the last quarter and which you will see in the current quarter also that we have tried to come to the Break Even Level to reduce our losses.

No. 3, as far as market prices are concerned to gain more market share, if we try to become aggressive and generate more losses by reducing further loss making prices, it could be detrimental to the Company. Because when you have the reduced price and tried to grab that market, the market would demand significant reduction in price. On the other hand, China is also very competitive. Chinese have reduced their prices in international market for the last 2 years and we have also been facing the competition from China as well in the Indian Market. Because the

import prices have been continuously lowering. So these factor have affected the operations. But as I mentioned, the management and we are trying to stabilize at Break even and tried to make sure that we sustain the operational cost. So that is one part.

And second part, which is different from industry and has nothing to do with the operations of the industry, is our continuously building legal cost and which are significantly high. We feel it more exorbitant when we look at the operations not generating profits and the legal cost have been continuously on rise. So that is the second area, where you have seen that the Company has spent significant amount on the legal cost which is unpaid by the counter party who has lost against us. Even after the court's order, that legal cost has not being paid to the Company. I am sure when the legal cost is actually been paid, you will see the numbers changed drastically. Because, you will be able to recover the part of the legal cost that we have spent. So these are the factors affecting the performance. And we continuously are making efforts to improve. But your concerns are well taken.

Mr. Manojkumar Bhura:

On September 08, 2023, there was supposed to be personal hearing with Senda Persons before the Singapore Court and that was not happened.

Mr. Manish Kiri, Managing Director and Chairman:

On September 08, 2023, Senda Persons did not show up in the court. So, court will reissue the summons. And now the reissue of summons is in the legal process. So the new date will be decided for them to come and the legal process is ongoing. Again this was happened for the second time. The first Date was August 18, 2023. The second date was September 08, 2023. And now we are expecting third chance to be given to Senda persons to come and appear in the court.

Mr. Manojkumar Bhura:

If they not appear in the court, what is the option before us?

Mr. Manish Kiri, Managing Director and Chairman:

If they continue to hide and not come to the court, then court will take appropriate action. Not coming to the court on the Court orders and got summons is a serious offence. And the court will take and initiate further actions.

Mr. Manojkumar Bhura:

They have always taken the court very lightly. They have not followed any court orders. None of the court orders were followed by Senda or DyStar.

Mr. Manish Kiri, Managing Director and Chairman:

It is true. The orders were against Senda till now. So we are dealing with parties who disrespect the Court and not honoring the court orders. For them Court orders are just a piece of paper, till now, looking at the behavior we have seen from the other side. These are the kind of opponents we are dealing with in the court and the court is also facing the challenges with the party to deal with. Because the court usually does not expect that the party do not honour or respect the court orders.

Mr. Manojkumar Bhura:

Regarding the legal case, in case management conference, the court has mandated that Senda and DyStar have to file their affidavit by October 02, 2023. In their affidavit, they have to mention their plan of action or enforcement of alternate daily plan which we have applied before.

Mr. Manish Kiri, Managing Director and Chairman:

Yes, they have to respond to our application. If they do not respond, they will lose their chance to defend themselves. They do make their submissions and Senda's council was also present when the case management conference was taken place.

Mr. Manish Kiri has informed that the court process to hear our application and submission to be made by both parties for hearing. He also informed that, we cannot guide court what to do. We are trying our best for enforcement of court order.

Mr. Manojkumar Bhura:

Holding of promoters is 27% and holding of FPI is 47%. So if the money comes in, can FPI take over the Company? What is plan of action for increasing promoter shareholders?

Mr. Manish Kiri, Managing Director and Chairman:

Kiri is held very diversely by various shareholders. Irrespective of promoters' shareholding, more concern is with how the Company is doing, what it is performing, how Company can get its award – the Company's interest is the prime interest. Further, promoter are already working on for increasing their shareholding.

Mr. Suresh Gondalia, Company Secretary:

There are no other speaker shareholders. So I request the Chairman to move forward the meeting.

Mr. Manish Kiri, Managing Director and Chairman:

Since there being no other business, I formally conclude this Meeting, with my sincere thanks to all of you for being present and extending your valuable support and co-operation to the Company.

In closing, on behalf of the Board, I want to thank our regarded investors, legal advisors, business associates and other stakeholders for placing their trust in our capacity and expanding their help in our long excursion of steadiness.

I thank all of my colleagues on the Board for their guidance/ co-operation in this pivotal period of our development, their help and their tremendous support to the management team.

The results of voting on resolution proposed in this AGM, will be announced on website of the Stock Exchanges, CDSL and the Company within two working days of conclusion of this meeting.

If you have any questions on any agenda items, please feel free to write to Mr. Suresh Gondalia, Company Secretary of the Company.

I wish you all good health. Be safe and take care.

Thank you very much.